



Steel

Wire rod producers go 6-for-7 in import review

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By Scott Robertson

PITTSBURGH -- U.S. producers of wire rod went six-for-seven in sunset review determinations by the U.S. International Trade Commission, seeing anti-dumping and countervailing-duty orders upheld against six countries and withdrawn only against Canada.

The vote was hailed by representatives of the producers but labeled "ludicrous" by David H. Phelps, president of the American Institute for International Steel, Washington, who said the decision effectively meant that one large U.S. producer had succeeded in suing itself.

The ITC late Tuesday determined that revoking the existing countervailing-duty orders on carbon and alloy steel wire rod from Brazil and existing anti-dumping duties on imports from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago and Ukraine likely would lead to a continuance or a recurrence of material injury to U.S. producers.

The ITC determined that revoking an existing anti-dumping order against imports of the product from Canada would not hurt the U.S. industry.

"The ITC correctly recognized that imports of wire rod from Brazil, Indonesia, Mexico, Moldova, Ukraine and Trinidad and Tobago would injure the domestic industry if the orders were removed," said Alan H. Price, an attorney with the Washington law firm of Wiley Rein LLP and legal counsel to producers Cascade Steel Rolling Mills Inc., Nucor Corp. and Republic Engineered Products Inc. "The wire rod industry has been battered by imports and is among the poorest-performing sectors of the steel industry. Maintaining these orders is critical to the domestic steel industry and we are pleased that the ITC has recognized the importance of these orders."

Producers originally filed the case in 2002. Imports of wire rod from the seven subject countries totaled 1,918,509 tons in 2000 and 1,976,977 tons the following year before falling to 1,275,286 tons in 2002.

"Although the negative determination on Canadian imports is disappointing, maintenance of the anti-dumping orders for the other countries is extremely important to the health of the domestic industry," said Paul C. Rosenthal, lead counsel for the Wire Rod Coalition and managing partner with Washington law firm Kelley Drye & Warren LLP.

Domestic producers who comprise the Wire Rod Coalition include ArcelorMittal USA Inc., Gerdau Ameristeel Corp., Keystone Steel & Wire Co., Rocky Mountain Steel and Nucor.

Phelps blasted the decision, saying that a weak U.S. dollar and demand from other countries have served to provide the U.S. market with plenty of protection from imports to the detriment of consumers. He said that ArcelorMittal, with wire rod operations in Trinidad and Tobago, basically sued itself in the case.

"First of all, it puts (ArcelorMittal) in the rather unique position of having to sue itself," Phelps said. "They may have a zero rate, but they are extending the orders for five years and in five years that rate could increase. Second, the decision is inexplicable on its face. The industry is experiencing extremely strong performance. If anything, there is a

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shortage of steel in the U.S. The notion that imports of wire rod could threaten or harm the U.S. industry is ludicrous.

"This is not the 1970s, the '80s or the '90s. This is the 21st Century, but the ITC continues to fail to consider the potential impact of dumping cases on the consumers of wire rod. The steel industry's complaints have been rewarded with protectionist action by the government. Given what is occurring for the industry in the U.S., it is finally time for the industry to compete without these protectionist measures."

A U.S. consumer of wire rod said he was not surprised by the decision "but it's disappointing considering that wire rod (supply) is considerably short in the U.S. We were hoping to see supplies loosen. But we're not surprised. The odds were not on our side. The short-term impact won't be that great because of the dynamics of the world market. There is not much import available."

Thomas A. Danjczek, president of the Steel Manufacturers Association, Washington, said producers were forced to demonstrate the struggles their portion of the industry faced before the ITC. The decision, he said, affirmed the notion that imports are a potential threat.

"This is a victory for the U.S. wire rod producers who regrettably clearly demonstrated their low returns in their sector," he said.

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Steel

Producers slate \$60/T wire rod hikes for July 1

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By Michael Cowden

YPSILANTI, Mich. -- The wire rod market is being hit with another round of rapid-fire price increases, much to the chagrin of many steel buyers—some of them furious, others simply resigned to spiraling prices.

ArcelorMittal Long Carbon North America plans to increase wire rod prices by \$60 a ton (\$3 per hundredweight), effective with July 1 shipments, the company said in a letter to customers. Availability and increased expenses for energy and raw materials factored into the increase, a company spokesman said Friday.

It follows a similar move by Charter Steel, a division of Mequon, Wis.-based Charter Manufacturing Co. Inc., which announced plans to increase base prices on hot-rolled bar, rod and wire products by \$60 a ton, also effective with July 1 shipments. Jack Lynch, director of the company's sales and marketing operations, said in an e-mail Friday that the move reflects increased manufacturing costs, and surcharges will continue to be applied.

It wasn't immediately clear whether other mills, like Gerdau Ameristeel Corp., Tampa, Fla., and Keystone Steel & Wire Co., Peoria, Ill., would follow the move.

Ivaco Rolling Mills LP, L'Orignal, Ontario, previously announced a \$60-a-ton increase on wire rod products effective with June 16 shipments (*AMM*, May 26). "I see the market as still very strong," Giorgio Piliu, Ivaco Rolling Mills' president, said.

Another mill source said his company likely would follow the increases if other mills did. "For the first three months of the year, everyone was behind the curve for that rapid (scrap) run-up," he said. "Now what we're all doing is trying to make up for that plus make a little money. In a tight market, if you don't make it now you probably won't."

He said he could sympathize with customers who feel they are being gouged, but added that ArcelorMittal is an international company and is likely trying to bring U.S. prices in line with those abroad. "Domestic rod overall is still cheaper than rod on the world market," he added.

Some wire rod consumers blasted the latest round of increases, decrying them as not based on actual mill costs and accusing mills of putting them on allocation and taking advantage of protectionist trade measures.

"(Domestic mills) feel empowered after the ITC ruling," one steel buyer said.

The ITC (U.S. International Trade Commission) last Tuesday upheld duties in its five-year sunset review of carbon and certain alloy steel wire rod imported from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago and Ukraine (*AMM*, June 4).

Without meaningful import competition, U.S. manufacturers and consumers of wire rod are increasingly unable to compete on a global basis, the buyer said. And with North American mills boosting exports, supplies are even further

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constrained, he added.

"At this rate of inflation, you have to look at any and all options," the buyer said, including material substitution, sourcing finished products from abroad and imports.

Imports might be more expensive than current U.S. spot prices, but if an import order is placed for delivery four months in the future U.S. spot prices might by then be higher than the import price, he said. "Imports are no longer unattractive," he added.

The situation is getting "extremely crazy," with customers on allocation despite a weak overall U.S. economy, especially in the housing and auto sectors, one Midwest distributor said. "Thank God there's been a downturn," he said. "If automotive fasteners were up, it would put even more pressure on an already troubled market."

The prolonged strike at American Axle & Manufacturing Holdings Inc., Detroit, and cutbacks in production at Detroit-based General Motors Corp. have hurt suppliers, especially smaller ones that serviced only big car and truck platforms, he said.

What's more, exports from China likely will dwindle because of the Olympic Games and rebuilding needs following the devastating earthquake that struck the country last month, an industry source said. Instead of exporting to the United States, countries like Turkey and South Africa likely will send rod to Europe to fill the void left by China.

"We had hoped for a little bit of a breather," he said. "I can't say this (price increase) was unexpected. But it wasn't welcome, either."

One rod consumer said he saw no reason rod couldn't eventually hit \$2,000 a ton, especially with costs rising not only for scrap but also for raw materials such as iron ore, pig iron and direct-reduced iron. "This is all new dynamics without the imports," he said.

Others, however, scoffed at the notion that prices could rise to that level.

U.S. wire rod imports totaled 145,798 tonnes in April, according to preliminary U.S. Commerce Department data, up 93.4 percent from March. But license data suggests that May imports could dwindle to a mere 60,997 tonnes. Meanwhile, U.S. wire rod exports totaled 11,730 tonnes in March, up 67.8 percent from 6,992 tonnes in the same month last year.

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